
HOUSE BILL 1401

State of Washington

60th Legislature

2007 Regular Session

By Representatives Pettigrew, Springer, Dunn, McCune, Miloscia, Chase and Santos

Read first time 01/18/2007. Referred to Committee on Housing.

1 AN ACT Relating to land acquisition for affordable housing
2 development; adding new sections to chapter 43.185A RCW; creating a new
3 section; and making an appropriation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that protecting the
6 public health, safety, and welfare by providing affordable housing
7 resources to needy or vulnerable persons is a fundamental purpose of
8 government. The legislature further finds that assisting eligible
9 organizations to purchase land for affordable housing development and
10 related supportive services facilities confers a valuable benefit on
11 the public that constitutes consideration for financing assistance to
12 eligible organizations in the form of low-interest loans, subject to
13 restrictions that provide continued protection of the public interest.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.185A
15 RCW to read as follows:

16 (1) The affordable housing land acquisition program is created in
17 the department to establish a revolving loan fund to be used for land

1 acquisition by eligible organizations described under RCW 43.185A.040.
2 The department shall contract with the Washington state housing finance
3 commission to implement and manage the program.

4 (2) As used in this chapter, "market rate" means the current
5 average market interest rate that is determined at the time any
6 individual loan is closed upon using a widely recognized current market
7 interest rate measurement to be selected for use by the Washington
8 state housing finance commission with the department's approval. This
9 interest rate must be noted in an attachment to the closing documents
10 for each loan.

11 (3) Under the affordable housing land acquisition program:

12 (a) Property loans from the affordable housing land acquisition
13 program may be made to purchase land on which to develop affordable
14 housing. In addition to affordable housing, facilities intended to
15 provide supportive services to affordable housing residents and
16 low-income households in the nearby community may be developed on the
17 land.

18 (b) Eligible organizations applying for an affordable housing land
19 acquisition program loan must include in the loan application a
20 proposed affordable housing development plan indicating the number of
21 affordable housing units planned, a description of any other facilities
22 being considered for the property, and an estimated timeline for
23 completion of the development. The Washington state housing finance
24 commission may require additional information from loan applicants and
25 may consider the efficient use of land, project readiness, and other
26 factors as criteria in awarding loans.

27 (c) A property loan recipient must develop affordable housing on a
28 property for which a loan has been made and place the affordable
29 housing into service within eight years of receiving an affordable
30 housing land acquisition program loan.

31 (d) Within five years of receiving a loan under this section, a
32 property loan recipient must present the Washington state housing
33 finance commission with an updated development plan, including a
34 proposed development design, committed and anticipated additional
35 financial resources to be dedicated to the development, and an
36 estimated development schedule, which indicates completion of the
37 development within eight years of loan receipt. This updated

1 development plan must be substantially consistent with the development
2 plan submitted as part of the original loan application as required in
3 (b) of this subsection

4 (e) A property loan recipient must maintain affordable housing
5 developed on property acquired under this section as affordable housing
6 for a minimum of thirty years.

7 (4) If a property loan recipient does not place affordable housing
8 into service on a property for which a loan has been received under
9 this section within the eight-year period specified in subsection
10 (3)(c) of this section, or if a property loan recipient fails to use
11 the property for the intended affordable housing purpose consistent
12 with the loan recipient's original affordable housing development plan,
13 then the loan recipient must pay to the department an amount consisting
14 of the principal of the original property loan plus compounded interest
15 calculated at the current market rate. The Washington state housing
16 finance commission may grant a partial or total exemption from this
17 repayment requirement if it determines that a development is
18 substantially complete or that the property has been substantially used
19 in keeping with the original affordable housing purpose of the loan.
20 Any repayment funds received as a result of noncompliance with loan
21 requirements shall be deposited into the affordable housing land
22 acquisition account created in section 3 of this act.

23 (5) The Washington state housing finance commission, in
24 collaboration with the department, may adopt guidelines and
25 requirements that are necessary to administer the revolving loan fund
26 under the affordable housing land acquisition program.

27 (6) Interest rates on property loans granted under this section may
28 not exceed one percent.

29 (7) The Washington state housing finance commission, in
30 collaboration with the department, must develop performance measures
31 for the program including, at a minimum, measures related to:

32 (a) The ability of eligible organizations to access land for
33 affordable housing development; and

34 (b) The total number of dwelling units by housing type and total
35 square footage of affordable housing created and the total number of
36 very low-income households and persons served.

37 (8) By December 1st of each year, beginning in 2007, the Washington

1 state housing finance commission shall report to the department and the
2 appropriate committees of the legislature using the performance
3 measures developed under subsection (7) of this section.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.185A
5 RCW to read as follows:

6 The affordable housing land acquisition account is created in the
7 custody of the state treasurer. Expenditures from the account may be
8 used solely for the purpose of the affordable housing land acquisition
9 program as described in section 2 of this act. Only the director of
10 the department or the director's designee may authorize expenditures
11 from the account. The account is subject to allotment procedures under
12 chapter 43.88 RCW, but an appropriation is not required for
13 expenditures.

14 NEW SECTION. **Sec. 4.** The sum of five million dollars is
15 appropriated for the fiscal year ending June 30, 2008, from the general
16 fund solely for deposit in the affordable housing land acquisition
17 account created in section 3 of this act for the purposes of this act.

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